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CENTRAL INTELLIGENCE AGENCY

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PART I

OF IMMEDIATE INTEREST

THE BERLIN SITUATION

Soviet Peace Proposal

The USSR's notes of 10 January to the Western powers calling for a conference in Warsaw or Prague within two months to conclude a German peace treaty and to discuss the Berlin question are intended to demonstrate Soviet desire to negotiate. The USSR wishes to appear responsive to Western objections to discussing Berlin except within the wider framework of Germany and European security. Soviet leaders apparently expect that the proposal to hold a peace conference will place the Soviet Union in a position to exploit growing pressures within the Western powers--especially West Germany and Britain--for a general policy review of problems relating to German reunification.

The draft peace treaty appended to the notes elaborates the 11 "basic provisions" for a treaty set forth in the aide-memoire Mikoyan delivered to Secretary Dulles on 5 January. It is essentially a formula for a neutral Germany, with the central theme that Western recognition of two Germanys is necessary to any progress on a German settlement. It provides for participation by both Germanys in the negotiation and signing of a treaty. If a German confederation should then exist, it would also be represented.

The draft also provides for the withdrawal of foreign troops from Germany, a ban on German possession and produc-

tion of nuclear weapons and other instruments of mass destruction as well as bombers and submarines, and a prohibition on German participation in military alliances directed against any of the signatory powers. It would bind "Germany" to suppress any Nazi organizations and activities as well as any organizations, including those of refugees, hostile to any of the Allied powers. A demilitarized "free city" of Berlin would be established pending the reunification of Germany.

The notes warned again that Western refusal to negotiate will not prevent the USSR from "renouncing its functions in Berlin" and transferring control over Allied access to Berlin to the East Germans, but failed to mention again the six-month deadline. Moscow is in a position to be able to hand over its quadripartite functions in Berlin to the East German regime at any time.

Moscow probably does not expect a conference to take place now on these terms. Soviet leaders apparently hope, however, that constant pressure will eventually produce a break in the Western position on Germany and European security or at least will lead to greater popular acceptance of the Soviet view that rapprochement between the two German states is the only solution to the reunification problem.

West European Reaction

Chancellor Adenauer called for outright rejection of the

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Soviet draft treaty, and the West German press backed up this demand with sharp criticism of the treaty as demanding a "second surrender" of Germans. On the question of future negotiations, there was less unanimity in Bonn than elsewhere. Most papers saw a high-level meeting on Germany taking place within the next few months. The pro-Social Democratic (SPD) press and some independent papers called for negotiations in the hope of inducing the Soviet Union to modify its "maximum demands." SPD Deputy Chairman Wehner warned against flatly rejecting the Soviet proposals.

Chancellor Adenauer has taken steps to express world opinion on Berlin. West Berlin Mayor Brandt will undertake a tour of the Far East and hold talks with Nehru. Press Chief von Eckardt will sound out opinion in the UN on a possible UN trusteeship for Berlin, with Western troops acting as UN executors. A top Foreign Ministry official, Herbert Dittmann, has also made a hurried trip to Washington on Adenauer's instructions.

Analysis of Mikoyan's 10 January note makes clear the Soviet aim of neutralizing Germany without reunification. Some of the French press, however, noted a more conciliatory language, which was felt to indicate Moscow's desire for negotiations.

The British press with near unanimity continues to argue for "less negative" Western re-

sponses and discussions of the revised Rapacki plan. The Manchester Guardian observed that "an unconstructive Russian approach is not justification for an unconstructive Western reply."

East Germany - Berlin

Strongly echoing Moscow's claim that East Germany is a fully sovereign state, the Ulbricht regime now appears to be laying the groundwork for an eventual claim that it is the only legitimate German state. Its note of 7 January to Moscow reiterated that West Berlin belongs to East Germany. The note further declared that the East Berlin municipal authorities are the "sole rightful organs" for the whole city. Premier Grotewohl's tour of the Middle East is also designed to underline East German claims to sovereignty. Following Grotewohl's minor successes in Cairo and Baghdad, he saw Nehru, but apparently failed to change India's policy of nonrecognition of East Germany.

Soviet authorities in Berlin are continuing to insist that American authorities must now deal with East Germany on all questions concerning American military personnel in East Germany and East Berlin.

While the Soviet Kommandatura in East Berlin continues its normal activities at Karlshorst, a Soviet pamphlet, commenting on the Soviet note of 27 November, explicitly stated that the Kommandatura would be closed down and the guard troops attached to it withdrawn from the city as part of the Soviet handover of its functions to East Germans. American officials note that the USSR is reported to be closing down

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the important ordinance facility at Berlin/Oberschoeneveide and believe the termination of this facility will probably

occur when other Soviet forces are withdrawn from the city. (SECRET KOFORN)